(3) 1956. File No. CIS 1055

RHABC DEPARTMENT

BRANCH

B Class

Subject :—

Karnatak

writing ff shortage entouts
in respect of consignment
of steel

Original file CIS 1055 B Class
Common

P.6

B Class

Karnatak

File No. CIS 1055

Std. Sectt. Slip 24-A

GOVERNMENT OF INDIA
MINISTRY OF WORKS, HOUSING AND SUPPPLY.

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No.: P II-230 (43) Dated New Delhi the 7th Dec. 1955.

OFFICE MEMORANDUM.

Subject:- Write-off of shortages en-route in respect of consignements of steel despatched by the Controlled stockists.

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The undersigned is directed to say that in accordance with the existing instructions contained in the late Ministry of Industry and Supply O.M. No. PI-12 (30)/47, dated 24-8-49 (copy enclosed for ready reference) the controlled stockists are absolved or any liability for shortages occuring en-route in respect of steel despatches made by them. The Railways also do not accept responsibility for making good the loss because the receipt issued by the in respect of such consignments is never a "clear one". This situation leads to protracted and futile correspondence between the Director of General of Supplies and Disposals, Railways, suppliers and indentors in an effort to fix liability. The matter was accordingly taken up in an inter ministerial meeting . It was explained by the Railway Board that they could not accept liability for losses /shortages under the existing circumstances but that if the revised packing conditions for iron and steel structures which they proposed to prescribe were complied with in future consignments they would be prepared to accept the usual liability for loss or shortage. The Ministry of Commerce and Industry have considered this suggestion and issued orders for the packing of such stories in the manner prescribed by the Railway Board. The cost of shortgage occuring en-route in consignments of steel item will, therefore, be reimbursed by the Railways, in future.

2/- As regards past cases, it is not possible to hold either the suppliers or the Railways responsible for the loss in transit and there is, therefore, no option but to write off the loss involved. It has now been decided in consultation with the Ministry of Finance that such transit losses should not be referred to for sanction by this Ministry's and its Associated Finance, but should be dealt with at consignee's end by the competent authorities It is requested that suitable instructions may be issued by the Ministry of Defence etc., in this regard.

Sd/-
(J. S. Mongia).

Under Secretary tothe Government of India.

X.D.
12/7.

To

1. All Ministries of the Govt. of India.
2. All State Governments.
3. The Director General, Supplies and Disposals, New Delhi
4. The Iron and Steel Controller, 33 Netaji Subhas Road Calcutta.

Copy also forwarded to :-

1. Controller and Auditor of India (General).
2. Planning Commission.
3. Chief Pay and Accounts Officer (Ministry of Works, Hou sing and Supply) with reference to their u.o. No. G-I (86) 11/1397, dated the 11.10.55.
4. Pay and Accounts Officer (Ministry of Works, Housing a Supply) Calcutta
   Bombay.
5. Chief Audit Officer, Food, Rehabilitation and Supply w with reference to their U.O. No. Stores Audit 3 (24)/2 dated the 23-11-55.
6 Accountant General, Central Revenues, New Delhi.
7. Ministry of Finance (Supply Wing) with reference to t their U.O. ~~except Directorate General, Supplies and Di posals.~~ No-C-326 dated 21/22-10-55.
9. All Branches in the Ministry except C.R.
10 File PII-230 (16).
11 Guard File.

8. All attached officers of the Ministry of works Housi and supply except Directorate General supplies and disposal.

Sd/-
(J.S.Mongia).
Under Secretary to the Govt. of India

X.D.
12/9.

Copy of Office Memorandum No. PI-12(30)/47 date the 24th August, 1949, from the Ministtry of Industry and Supply to All the Ministries of the Government of India e

Subject:- Responsibility for shortage en-route in consign ments of steel despatches by the controlled stockists and payment of the ~~Stockists~~ balance 10% bills.

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The undersigned is directed to refer to this Ministry's Office Memorandum No. P-I-12(30)/47, dated the 27th January 1948, on the subject quoted above. Complaints continue to be received from Messrs. The Tata Iron and Steel Co. Ltd., Calcutta, to the effect that payments of the Bills of the various controlled stockholders for supplies of steel made by them to several Departments of the Government of India and of the Provincial Governments are held up for a considerable length of time on the plea of shortages due to pilferage on-route with the result that large sums of money are always outstanding against the indenting departments for materials sold from the controlled stockyards. It may be roiterated, in this connection, that in accordance with the agreement entered into with the controlled stockholders for the supplies of steel they are not be held liable for shortage caused by pilferage enroute and full 100% payment is to be made to them on production of proof of despatch of stores within fourteen days of the presentation of the bills supported by necessary documents, e.g. Railway Receipt etc. The controlled stockholders are entitled to full payment for the quantity of steel despatched by them as shown in the Railway Receipt etc. or other documents of proof of despatch forwarded by them with the bills and no deduction is to be made from their bills if the stores are received short by the consignees due to pilferage enroute. The general system of 90% advance payment on receipt of stores in good consition by the consignees which was introduced as temporary measure in the case of suppliers made by the controlled stockholders are entitled to full 100% payment of production of proof of despatch of stores, within fourteen days of presentation of their bills.

2/- It is reqested that the bills of controlled stockists of iron and steel may be settled expeditiously in accordance with the precedure mentioned above.

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Copy of this Ministry's Office Memorandum No. P. I/12/30 /47 dated the 27th January 1948 addressed to all Ministries of the Government of India etc. etc.

Subject:- Responsibility for shortages en-route in consignments of steel despatched by the Controlled Stockists and payment of their 10% bills.

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Certain Controlled Stockists of iron and steel have complained that their balance 10% bills in respect of stock sup plies are held up by indentors indefinitely sometimes for two to three years, on account of shortages or damages en route and that the bills are not paid until the enquiries from the Railway, etc. are completed, with the result that large sums are due to the Controlled Stockists from Railway and other Governments Departments.

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Contd.,,,,,,,

2/- The question of the responsibility of Stockists of iron and steel for shortagages etc. en routewas considered on serveral occuassions previously in detail keeping in view their terms of business which applied to all orders accepted by them and it was decided that they cannot be held liable for any loss or damage in transit. Consequently instructions were issued vide para 2 of the late supply Department Office Memorandum No. S. II/ 35 (80) dated the 24th September 1945, as subsequently amended by Office deduction on account of shortages en-route in consignment-s steel despatched by the Controlled Stockholders should made from their bills.

3/- It is, therefore, requested that all outstanding bills of Centralled Stockists of iron and steel may be settled at a very early date, and that in future instructions contained in this Ministry's office Memorandum, referred to above, should be strictly followed to obviate complaints from the stockists.

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Office of the R.L.A.

Section 6 (c) of the General Clauses Act, 1897, provides, inter alia, that where any Central Act repeals any enactment then unless a different intention appears the repeal shall not affect any right, privilege obligation or liability acquired, accrued or incurred under any enactment so repealed. The analogy of this provision may be applied in this case to the repeal or cancellation of the decontrolled notifications referred to in the letter of the Controller of Iron and Steel and Cement, Bombay, dated the 5th December 1955, and it may be held that the rights acquired by the stockists for free sale under the cancelled notifications are not affected by the cancellation and that of the stocks held by the stockists prior to 15th November did not also come within the purview of control as contended by them. In any case this appears to be view of the Controller himself as expalained by him in his D. O. letter dated 1st/2nd December 1955 (p.9 c/s) and the circular letter dated the 10th December 1955 and as under the two relevant orders namely the Iron and Steel (Control or Production and Distribution) Order, 1941 and Iron and Steel Control Order 1943, the powers of control regarding acquisition and disposal vest in him, the Controller of Iron and Steel and Cement, Bombay, will have to act accordingly.

I.D.
4/1/56

for Remembrancer of Legal Affairs.

R. to R.H. & B.C.D. No. 263/A

dated 4th January 1956.

. of H.S. should see and discuss again.

D.O.R. to the Controller and DS and C Bombay,
will file No. ~~C-1~~ CTS/1055/642599 dated 6th January '56.

I.D.
12/7.

I.D.
6/1/56.